

# OLDFIELD PARTNERS LLP

## OVERSTONE EMERGING MARKETS EQUITY FUND

### AUGUST 2013 NEWSLETTER 58

#### Fund Summary

30 <sup>th</sup> August 2013			
NAV of fund	US\$331.9m		
A share unit price	US\$179.50		
I Share unit price	US\$113.29		
Performance			
	A Shares	I Shares	MSCI Emerging Markets*
August	-2.0%	-2.0%	-1.7%
2013 to date	-3.5%	-3.3%	-10.2%
Since inception A**	+83.8%	-	+83.2%
Since inception A per annum**	+13.4%	-	+13.3%
Since inception I**	-	+16.6%	+11.8%
Since inception I per annum**	-	+4.0%	+2.9%

\*Net Dividends Reinvested.

\*\*A shares commenced on 3<sup>rd</sup> November 2008 and I shares on 1<sup>st</sup> October 2009.

Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders. Source: Oldfield Partners LLP, MSCI ©, Bloomberg and Northern Trust Intl. Fund Administrator Services (Ireland) Ltd.

#### Top Five Holdings\*

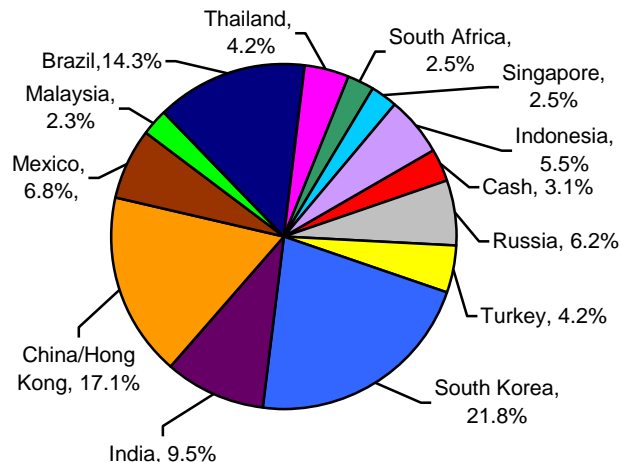
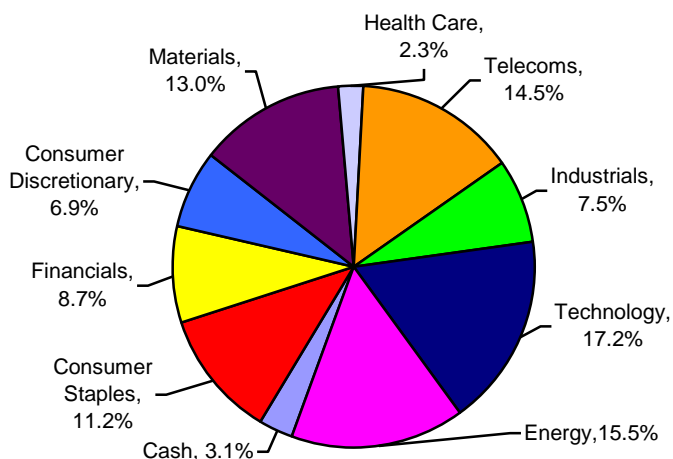
Stock	Portfolio Weighting	Monthly Performance (local terms)**
Samsung Electronics	10.0%	+6.9%
Embraer	7.5%	-3.0%
Infosys	7.3%	-6.7%
KT&G	7.1%	-4.1%
Petrobras	6.9%	-0.6%

\*As at end of period.

\*\*Total return inclusive of dividends.

Source: Oldfield Partners LLP and Bloomberg.

#### Sector and country breakdown as at 30<sup>th</sup> August 2013



Source: Oldfield Partners LLP.

Oldfield Partners LLP,

130 Buckingham Palace Road, London, SW1W 9SA.

Telephone: +44 (0)20 7259 1000 Email: info@oldfieldpartners.com

www.oldfieldpartners.com

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#### Commentary

The worst performing markets in the month were India, Turkey, Indonesia, Thailand, and the Philippines; with the latter three having been market darlings earlier this year. Year to date Latin America is by far the worst performing region. In 2013 approximately \$12 billion has left emerging markets, with recent months reversing the strong inflows seen at the start of the year. This has left the valuation of emerging markets comfortably below their long term historic average.

The bottom three performers during the month by contribution were Telkom Indonesia, First Pacific, and Infosys. There is little stock specific news on **Telkom Indonesia** (leading Indonesian telecom provider) and **First Pacific** (Hong Kong holding company), but the equity markets in Indonesia and the Philippines were weak. **Indofood** (Indonesian consumer foods), which accounts for one third of First Pacific's net asset value, has made a bid for a Chinese agricultural and vegetable processing business that had been subject to a short seller note. First Pacific continues to look for small acquisitions in South East Asia – a task hopefully made easier by recent market moves. **Infosys** (Indian IT services) gave back some of the gains made in July following its encouraging first quarter results. The company is a beneficiary of the weakness in the Indian rupee, which fell 10% against the US dollar over the month.

The top three performers during the month by contribution were Samsung Electronics, Ternium, and Yue Yuen. **Samsung Electronics** (Korean consumer electronics) has been a poor performer this year on concerns over commoditisation of smartphones eroding margins. However, its scale and breadth geographically and by product in smartphones should help defend margins, and the diversification of the overall business is a positive, with semiconductors being a solid contributor this year. **Ternium** (Latin America steel) had an unremarkable set of quarterly results. **Yue Yuen** (Hong Kong footwear) had first half results in the month. The company continues to shift production from China to lower cost Indonesia and Vietnam, which should be positive over the medium term, but causes volatility in margins in the short term. In the first half of 2013 it moved 16% of production lines out of China. It now has approximately one third of its production lines in each of China, Vietnam, and Indonesia.

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Fund Information as at 30 <sup>th</sup> August 2013			
<b>Currency</b>	US\$	<b>Investment Manager</b>	Oldfield Partners LLP
<b>Liquidity</b>	Daily dealing	<b>Administrator</b>	Northern Trust International Fund Administration Services (Ireland) Ltd
<b>Benchmark</b>	MSCI Emerging Markets (Net Dividends Reinvested)	<b>Custodian</b>	Northern Trust Fiduciary Services (Ireland) Ltd
<b>Management Fees</b>	A shs = 1.25% I shs = 0.90%	<b>Auditor</b>	Deloitte
<b>TER</b>	A shs = 1.45% I shs = 1.10%	<b>Admin &amp; Custody Fees</b>	0.18% on the first US\$75m 0.155% on the next US\$75m 0.14% on the next US\$150m 0.11% thereafter
<b>Minimum Investment</b>	The equivalent of €100,000	<b>A shares ISIN</b>	IE00B3DDVH01
		<b>A shares sedol</b>	B3DDVH0
		<b>A shares ticker</b>	OVEMKEA
<b>Legal Advisers</b>	Arthur Cox	<b>I shares ISIN</b>	IE00B4N0BT09
		<b>I Shares sedol</b>	B4N0BT0
		<b>I shares ticker</b>	OVEMKEI

Overstone Emerging Markets Equity Fund is a sub-fund of Overstone Fund plc, which is incorporated in Ireland and approved by the Irish Financial Services Regulatory Authority. Six other sub-funds exist under the Overstone Fund plc umbrella; Overstone Global Equity Fund was launched on 1<sup>st</sup> June 2005, Overstone European Equity Fund was launched on 3<sup>rd</sup> October 2005, Overstone Opportunity Multi Fund was launched on 1<sup>st</sup> November 2005, Overstone Global ex US Equity Fund was launched on 1<sup>st</sup> June 2006, Overstone Japanese Equity Fund was launched on 1<sup>st</sup> October 2007, Overstone Smaller Companies Fund was launched on 1<sup>st</sup> October 2007.

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